

Message Text

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C O N F I D E N T I A L NEW DELHI 16759

E.O. 11652: GDS
TAGS: UNINJC, BEXP, IN
SUBJECT: EXECUTIVE COMMITTEE MEETING, US-INDO JOINT COUNCIL -
COMMENTS

REF: NEW DELHI 16693

SOME ADDITIONAL COMMENTS ON RECENT US-INDO JOINT BUSINESS
COUNCIL MEETING:

1. WHILE THE MEETING PROBABLY DID NOT COME UP TO INDIAN
EXPECTATIONS, WE BELIEVE THAT IT WAS USEFUL. IT RECEIVED
PUBLICITY IN THE LOCAL PRESS, BUT SUFFERED IN COMPARISON
WITH A LARGER MISSION SPONSORED BY THE CONFEDERATION OF
BRITISH INDUSTRIES WHICH WAS HERE FOR TWO WEEKS
IMMEDIATELY PRECEEDING THE U.S. DELEGATION. AS NOTHING
SUBSTANTIAL COULD BE DECIDED AT THE MEETINGS, THE PRESS
REPORTING WAS NECESSARILY THIN. THE U.S. DELEGATION VISIT WAS
A PRELIMINARY ROUND IN THE FICCI GOLDEN JUBILEE CELEBRATION
WHICH WILL HAVE AS ITS FOCUS AN INTERNATIONAL CHAMBER OF
COMMERCE MEETING IN DELHI NEXT MONTH. THE BRITISH VISIT,
ON THE OTHER HAND, HAD THE SUPPORT OF THE ASSOCHAM AND
WERE HERE AT THE OFFICIAL INVITATION OF THE GOI.

2. INDIAN BUSINESSMEN TO WHOM WE TALKED SAID THAT THE
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PAGE 02 NEW DE 16759 171949Z

DISCUSSION WITH THE AMERICAN BUSINESSMEN WAS MOSTLY

GENERALITIES AND PLATITUDES. THERE WAS DISAPPOINTMENT WITH THE LEVEL OF THE U.S. REPRESENTATION. B.M. BIRLA, PERHAPS UNREALISTICALLY, HAD THOUGHT THAT APPROXIMATELY 15 TO 20 CHAIRMEN OR PRESIDENTS OF U.S. FIRMS WOULD ATTEND.

3. THE IMPORTANT ITEM FOR DISCUSSION FOR THE U.S. SIDE WAS THE PROBLEMS AMERICAN FIRMS HAVE IN DOING BUSINESS IN INDIA. SEVERAL AMERICANS COMMENTED THAT THE INDIANS WERE MORE RESPONSIVE THAN IN THE PREVIOUS MEETING. B.M. BIRLA GAVE EXPLANATIONS AND ASSURANCES ON THE ROLE OF FOREIGN INVESTMENT WHILE IN THE LAST MEETING THERE WAS NO EFFORT ON THE INDIAN SIDE TO RESPOND TO U.S. QUESTIONS.

4. THE BASIC FRUSTRATIONS OF SOME AMERICAN BUSINESSMEN DOING BUSINESS IN INDIA REMAIN UNRESOLVED BECAUSE THEY ARISE FROM GOI POLICY AND BUREAUCRATIC PRACTICES WHICH CANNOT BE RESOLVED BY PRIVATE INDIAN BUSINESSMEN. NEVERTHELESS, WE BELIEVE THE MEETING SERVED THE USEFUL PURPOSE OF FOCUSING THE ATTENTION OF THE INDIAN BUSINESS COMMUNITY AS WELL AS GOI OFFICIALS (THROUGH MEETINGS THAT THE LEADER OF THE U.S. SIDE, ORVILLE FREEMAN, HAD WITH THE PRIME MINISTER AND MINISTER OF FINANCE) ON THE PROBLEMS OF AMERICAN COMPANIES IN INDIA. THESE PROBLEMS ARE A MAJOR ISSUE IN THE DEVELOPMENT OF BETTER INDO-US BUSINESS RELATIONS AND IT IS HELPFUL WHEN OTHER ORGANIZATIONS MAKE THE SAME POINT WITH THE GOI.

5. THE COUNCIL ON THE INDIAN SIDE IS NOW LARGELY DOMINATED BY THE BIRLAS. THIS IS UNFORTUNATE IN THAT IT ALIENATES OTHER BUSINESS GROUPS SUCH AS THE TATAS AND TENDS TO EXCLUDE INDIAN REPRESENTATIVES OF PROMINENT AMERICAN FIRMS. ON THE OTHER HAND, THE BIRLA FAMILY CONTINUES TO MAINTAIN A CLOSE RELATIONSHIP WITH INDIAN POLITICAL LEADERSHIP, AND IN THAT SENSE THE PROBLEMS OF BUSINESSMEN MAY GET A BETTER HEARING WITHIN THE GOI.
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